



International Agricultural Trade

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U.S. almond exports continue record expansion

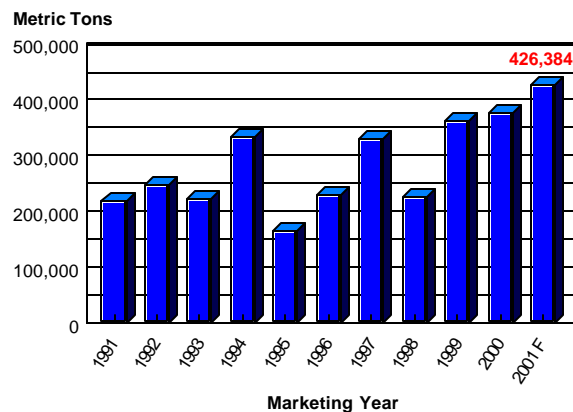
Summary

U.S. almond exports (shelled basis) in marketing year 2001/02 (August-July) are forecast to increase 10 percent to a record 263,802 metric tons. Favorable weather and increased acreage set the stage for a potential record crop of California almonds. According to the California Agricultural Statistics Service (CASS), the 2001/02 almond crop is expected to reach 426,384 tons. That would be up 13 percent from last year and beat the previous record crop of 1999/00. Grower prices are expected to decrease during 2001/02, due to higher U.S. output and supply availability. The United States is the world's largest almond producer and the largest exporter, accounting for approximately 75 percent of world production and 80 percent of world exports.

Market Developments

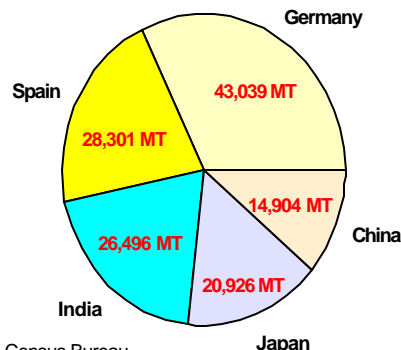
The 2001/02 U.S. almond crop is forecast at a record 426,384 tons, 13 percent above the previous year. Forecasters say weather has been nearly ideal for almonds in most growing regions, although frost caused severe damage in parts of the Sacramento Valley. The current crop is expected to be of above average quality. California accounts for nearly all U.S. almond output. *U.S. almond exports in 2001/02 are forecast to increase 10 percent to a record 263,802 tons.* This will break last year's record of 239,802 metric tons, with a value of \$691 million. Strong export demand, particularly in the European Union and Japan, helped boost exports in 2000/01. Almond growers saw an end to the previous 5-year slump in prices, as grower prices rose 17 percent from the 1999/2000 level to

California Almond Production



F - Forecast
Source: California Agricultural Statistics Service

Top 5 U.S. Almond Export Destinations (Quantity)



Source: U.S. Census Bureau
Marketing Year 2000/01

\$1.01/lb. in 2000/01. However, grower prices are expected to decrease during 2001/02, due to higher U.S. output and supply availability. The United States is the world's largest almond producer and the largest exporter, accounting for 75 percent of world production and 80 percent of world exports.

2001/02 almond production in Spain, the world's second largest producer, is forecast at 59,000 tons, up 11 percent from the previous year. Spain's almond exports in 2001/02 are expected to reach 55,000 tons, up 8 percent from the previous year. Spain is the world's second largest producer and exporter of almonds. Other EU countries (Germany, France, and Italy) are the major destinations, representing about 93 percent of Spain's export markets. Spain's almond imports in

2001/02 are forecast to increase slightly. The United States continues to be the dominant foreign supplier of almonds to Spain, increasing its market share to 97 percent of total imports for 2000/01. Due to their uniformity and low breakage, U.S. almonds are generally preferred by almond processors to produce food ingredients. Once processed in Spain, about 50 percent of U.S. almonds are exported to other EU countries. While there is no direct price support program for tree nuts, the European Union does have a tree nut improvement program that provides substantial support to Spain's almond sector. Up to 475 Euros/hectare may be provided to growers to plant improved, higher-yielding varieties. While this program was originally scheduled to end in 2000, the EU Commission extended the program in 2001 and again this year. The latest extension has been characterized as the last, and is expected to be replaced in 2003 by an as yet unidentified new Commission program/policy.

U.S. Export Demand

Almonds are the United States leading tree nut export. Principal markets for U.S. almonds include the EU (mostly Germany, Spain and the Netherlands), Asia (mostly India, Japan and China), Canada and the United Arab Emirates. Steady growth in demand for U.S. almonds is the trend in European markets, while much stronger growth characterizes Asian and Middle Eastern markets.

2001 Applied Tariff Rates of Almonds
for Selected Countries

Commodity	Almonds (ns)	Almonds (sh)
HS #	080211	080212
EU	5.6%	3.5%
India	Rs 35 per kg	Rs 65 per kg
Japan	2.4%	2.4%
Hong Kong	0%	0%
China	29% + 13 or 17 VAT	6% + 13 or 17 VAT
Canada	0%	0%
Turkey	44.6%	44.6%
Taiwan	10%	10%
Korea	8%	8%
Israel	Out-of-Quota Tariff 90%	Out-of-Quota Tariff 90%
U.S.A.	2%	5.7%

ns - not shelled; sh - shelled

Tariff reductions around the world resulting from the Uruguay Round and various bilateral trade agreements have contributed to export growth. However, a number of markets throughout the world continue to apply high import tariffs (see table).

The Market Access Program has assisted the California almond industry for a decade in key markets. For example, sales to China are up 44 percent from last year and that country is now the fifth largest market for U.S. almonds. Expanding consumption is critical in selling the large U.S. crop, so marketing campaigns are focused on the message that almonds are a healthy way to snack.

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